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C O N F I D E N T I A L SECTION 01 OF 02 KUWAIT 000588

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DEPARTMENT NEA/ARPI

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TAGS: [ECON](#) [EFIN](#) [PTER](#) [PGOV](#) [PREL](#) [IZ](#) [XF](#) [KU](#) [KTFN](#)  
SUBJECT: RE-APPOINTED KUWAITI FINANCE MINISTER OPTIMISTIC  
ABOUT PROGRESS UNDER NEW AMIR

REF: 05 KUWAIT 4672

Classified By: Ambassador Richard LeBaron. Reasons 1.4 (b) and (d)

11. (C) Begin Summary: During a February 20 meeting with the Ambassador, re-appointed Finance Minister Bader Al-Humaidhi expressed confidence in the pace of reforms and governance under the new Amir, Crown Prince and Prime Minister. He predicted overall support from the National Assembly for GOK initiatives, including the press and publication law and the proposal to reduce the corporate foreign tax rate. He does not anticipate similar progress in this legislative session (ends in four months) on electoral reform or overall tax reform. He pointed to ongoing efforts by the Central Bank to revise the existing anti-money laundering (AML) law, welcomed forthcoming USG information on Kuwait-based charity, Revival of the Islamic Heritage Society, and reported no progress or contact with Iraqi officials on Iraqi debt relief. End Summary

12. (C) On February 20, Ambassador met with Finance Minister Bader Al-Humaidhi to congratulate him on his re-appointment to the cabinet following the formation of the Kuwaiti government under Prime Minister Shaykh Nasser Mohammed Al-Ahmed Al-Sabah.

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13. (C) Praising the recent succession as testimony to Kuwait's stable democracy, Al-Humaidhi commented that the ruling family's internal political debates on succession and governance although not fully resolved, were "now under control" with the appointment of the new Amir, Crown Prince and Prime Minister. Referring to the drawn-out succession debates among ruling family members, Al-Humaidhi noted that Amir Shaykh Sabah's decision to quickly nominate a Crown Prince and Prime Minister was an important political lesson aimed at preventing a future succession crisis.

14. (C) Al-Humaidhi, a self-declared optimist, expressed confidence in the new Prime Minister (Amir's nephew), Shaykh Nasser Mohammed Al-Sabah's commitment to the job, commenting that the new PM is "very active, very open, and very practical" when it comes to implementing GOK priorities. Although Al-Humaidhi acknowledged the possibility of isolated National Assembly (NA) opposition, he discounted the possibility of widespread parliamentary contention with the new government, commenting that most NA members "will seek harmony" as the legislative season draws to a close (in four months) and members begin gearing up for next year's parliamentary elections.

15. (C) The Minister, pointing to the remaining four months of the current legislative session, expressed confidence in the passage of the press and publication law, and pointed to expected Council of Ministers (cabinet) approval of the Public Private Partnership initiative impacting Build Operate Transfer (BOT) and similar mechanisms. However, he was less optimistic about electoral reforms. Government pressure will be key to overcoming an anticipated split in the NA over electoral reform, he added. (Note: He also predicts a similar split within the GOK on the issue.)

16. (C) On taxation, Al-Humaidhi said the Ministry's proposal to cut the foreign corporate tax rate had cleared the National Assembly's Economic and Finance Committee and was now pending the approval of the General Assembly. The Ambassador reiterated USG concerns with the GOK's discriminatory taxation, citing continued complaints from U.S. companies. Al-Humaidhi, sounding more conciliatory, noted that the GOK "was pushing hard" to address the issue, recognizing that it is "hurting us" with investors. However, he added that the GOK's separate comprehensive tax reform bill was still under review by the Ministry and would be presented to the Council of Ministers in April or May.

17. (C) On terrorist financing, Ambassador conveyed USG concerns with the Kuwaiti-based charity, Revival of the Islamic Heritage Society (RIHS), and informed Al-Humaidhi that information available to the USG on RIHS support to Islamic extremists as well as information on certain individuals had been shared with the Kuwaiti Embassy in Washington with plans for similar distribution to appropriate

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GOK ministries. Al-Humaidhi welcomed the USG's willingness to provide additional information on suspected charities. On the pending GOK revision to the 2002 AML law, Al-Humaidhi noted that the Central Bank was shepherding the process through to conclusion.

18. (C) When asked about Iraq debt relief, Al-Humaidhi reported that there had been no progress or contact with Iraqi officials on the matter, noting again (see reftel) that it was a sensitive political matter in Kuwait. He pointed to similar inquiries from the French government, in their Paris Club capacity.

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